

COMMUNICATION ON PROGRESS 2020



PWT GROUP



PWT GROUP WANTS TO DRESS MEN – WITH CARE FOR PEOPLE AND THE PLANET – PANDEMIC OR NOT.

During the year of 2020 PWT GROUP have been facing the COVID-19 pandemic, which has also let to the reconstruction of the company.

Despite of this situation, the focus on corporate social responsibility have remained.

We have been further focusing on strengthening our CSR policies and procedures and thereby strengthened our capability to continuously identify and address risks throughout our own business and our supply chain. Our CSR work is based on the internationally recognized principles of the UN Global Compact, the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.

The 2020 CoP-report, is presenting our 2021-2025 CSR strategy focusing on four specific UN development goals that are carefully chosen for our future effort in working with CSR.

We are convinced that working strategically with CSR enables us to strengthen our business and meet our customers' future expectations, and we are committed to continue our engagement within the CSR agenda, also during pandemics if this is what the future holds.

Ole Koch Hansen
CEO



CORPORATE SOCIAL RESPONSIBILITY

PWT Group is committed to reducing its negative impacts and increase the positive impacts on basic principles for social, environmental and economic sustainability. It is a long journey, and the Group continuously improves policies and procedures in order to be able to identify and manage risks throughout the business and the supply chain. The Group has developed a 2021-2025 CSR Strategy, focussing on four strategic CSR areas:

1. Responsible working conditions in the supply chain
2. More sustainable production methods and materials
3. More sustainable cotton in our products
4. Engagement in national and international initiatives and organisations

These priorities encompass where PWT Group sees the biggest risks but also where it may contribute positively towards the UN Development Goals. In the following paragraphs, each area of the strategy will be described.

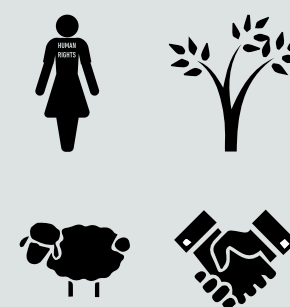
CSR STRATEGY 2021-2025



Managing our own business

Managing our supply chain

Policies



Bill of Human Rights

ILO Fundamental Principles and Rights at work

The Rio Declaration on Environment and Development

UN Convention against Corruption

UN Guiding Principles on Business & Human Rights

OECD Guidelines for Multinational Enterprises

POLICIES

PWT Group's sustainability work is based on the UN Global Compact's ten principles and follows the approach set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP's). The Group's CSR Policy refers to internationally endorsed principles for sustainable development, such as the International Bill of Human Rights, including core ILO labour rights, the Rio Declaration and the UN Convention against Corruption.

INTERNAL PROCESSES

PWT Group sets the same requirements to itself as to its suppliers:

- adopt policies
- conduct regular risk assessments
- draw up action plans to manage identified risks and challenges
- communicate about actions and results
- enable access to remedy through a legitimate grievance mechanism

This is a process which requires both time and resources, and the Group is continuously improving its due diligence procedures.

In order to implement the CSR Strategy throughout the company, CSR is integrated into all departments, such as Design, Purchase, Sales, Marketing, and Retail, through info meetings, communication material, etc. On a quarterly basis, CSR meetings are held with the management group.

A grievance mechanism has been set up on the Group's website, which ensures anonymity. Until now, no grievances have been received.

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual. Together with the policy, a 'Facilitation and Hospitality Register' has been set up in which employees register gifts. The policy is communicated internally on an annual basis, and the facilitation and hospitality register is monitored on an annual basis as well.

On an annual basis, the Group conducts a risk assessment, including action plans. Below is the latest version.



HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in out own busniess	Risks in our supply chain	Action plan
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
Business model (section 99a)		Refer to page 2-7: PWT Group 2020
Risk of overtime work on a regular basis		Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
Gender diversity in Board of Directors and management (section 99b)		<p>The target set earlier of 20% women serving on the Board of Directors has been met in 2020. However, the Board continues to strive to find suitable female candidates when recruiting board members, and has set a goal to reach 30% women serving on the Board of Directors within the next three years.</p> <p>PWT is committed to building a workforce through the entire company that is represented equally by both genders across both our management team and other managerial positions. However, due to the fact we are a menswear company there was an average of 82% male and 18% female employees throughout the Group in 2020. At the management level the average was 83% male managers and 17% female managers in 2020. Our staff policies and HR processes are directed at retaining qualified female employees by addressing the work/life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training. Furthermore, the policy for the Management Team emphasises diversity in the broadest sense and lays down the principle always to hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. We will continue to work toward increasing gender diversity throughout our organisation as well as in management levels.</p>
COVID-19 - health of employees		Management has followed the restrictions and guidelines imposed by the Danish government, in order to prevent the virus from spreading among employees.
	Unsafe working conditions	PWT Group's suppliers must provide safe working conditions. Being a signatory member of the Bangladesh Accord, the Group is supporting safer production buildings in a country where it is a fact that building, electrical and fire safety is a major concern. It is a requirement to all suppliers that they can provide valid permits of building safety. Further to this, we work with the BSCI certification system to ensure safe working conditions.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	Risks in our supply chain	Action plan
	Excessive working hours	PWT Group works to ensure that its own buying practices do not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
	Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, medical staff, regular health check-ups, access to medicine, and proper conditions for pregnant employees, etc. Whenever possible, the Group promotes and invites suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts. COVID-19: Most facilities have been temporarily closed down, and we expect all suppliers to take measures to protect their workers from the virus. Through the Accord and BSCI, suppliers are assessed on COVID-19 measures taken.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	Risks in our supply chain	Action plan
	Unfair remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. However, the Group does negotiate realistic prices in order not to contribute to unfair remuneration. PWT Group requires that all suppliers comply with national regulation, and the Group assesses suppliers' ability to support workers financially in other ways, e.g. by providing free transportation, low-cost canteens, and kiosks with low-cost provisions.
	Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an ongoing basis. Indicators include recruitment and salary procedures, respectful behaviour by managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for workers associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, WP committees learn about their rights and responsibilities, which is of great value. PWT Group continuously stresses to suppliers that dismissal of workers due to rightful activities connected to workers associations is unacceptable.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour a substantial risk within the entire supply chain. The Group became a member of BCI in 2019, an initiative that, in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour. Among other things, the BCI trains participating farmers in the importance of education.

ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	Risks in our supply chain	Action plan
CO2-emissions		Until recently, we have not calculated our CO2 emissions. However, from 2021, we are working with the Cemasis system, which allows us to calculate our emission in a structured way, based on the GHG Protocol. Once we have made baseline studies, we can start to prioritise our actions.
Use of textile materials		We are reducing the number of styles and focussing on quality over quantity. Through the years, we have implemented more and more organic or recycled styles. Since 2019, we have been a member of BCI and therefore sourced BCI cotton. In the coming years, we will focus on introducing more sustainable materials.
Plastic use, and packaging in general		During 2019, PWT Group replaced all packaging materials in the shops (physical and online) with ones made of recycled plastic and recycled carton. Furthermore, the Group took the decision that, in order to reduce plastic usage, plastic bags will no longer be provided free of charge, starting from Jan 1 2020. Surplus made from this initiative is donated to the Danish environmental organisation Plastic Change. In the coming years, we will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimised. From 2021, emission reports from our transport supplier will be included in our climate reporting.
Textile waste		We do not have much textile waste, mostly scraps and cut samples. In 2020, we started a dialogue with a Danish start-up that would take all our textile waste and reuse it for making new kids clothing. However, the project has still not been commenced. Nevertheless, we are very much open to collaboration with other stakeholders on this matter.
Animal welfare		All relevant suppliers are required to sign and comply with our Animal Welfare Policy. It states, among other things, that we only accept leather from animals bred for the food industry, that mulesing is not accepted, and that we do not accept live plucking of birds.
	Risk of use of harmful chemicals and of insufficient chemical management at production sites.	All supplier are obliged to comply with our RSL, which is aligned with the EU REACH regulation. We have set up a test programme with Bureau Veritas, which means that styles from each collection will be selected for testing, based on a risk assessment. Further to this, we are working on getting an OekoTex certification on a range of products so that we can provide customers with OekoTex-certified products.

ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	Risks in our supply chain	Action plan
	In general, poor environmental management at production facilities.	From 2020, we are engaging with strategic suppliers about the amfori BEPI programme, in order to support them in setting up sufficient policies and processes concerning environmental management. This includes looking at chemical handling, waste management, water and energy use, etc.

ANTI-CORRUPTION		
Relevant policies: CSR Policy Commitment, Code of Conduct, Anti-Corruption Policy		
Risks in our own business	Risks in our supply chain	Action plan
Sourcing from countries with high corruption risks		Together with the policy, a ‘Facilitation and Hospitality Register’ has been set up in which employees register gifts. The policy is communicated internally on an annual basis, and the facilitation and hospitality register is monitored on an annual basis as well. The aim of this is to increase the awareness level internally.

THE SUPPLY CHAIN

Production takes place in several countries across the globe. PWT Group does not own any factories but cooperates with a range of suppliers, both directly at production facilities and via sourcing houses. The top-50 factories represent approx. 90% of all orders, and focus is primarily given to these top-50 factories.

The Group's Code of Conduct is based on Danish Fashion & Textile's Code of Conduct and describes the sustainability minimum standards set for business partners.

PWT Group does not expect suppliers to overcome challenges over night, but focuses on their ability and willingness to demonstrate continuous improvements. As a part of the collaboration with suppliers and

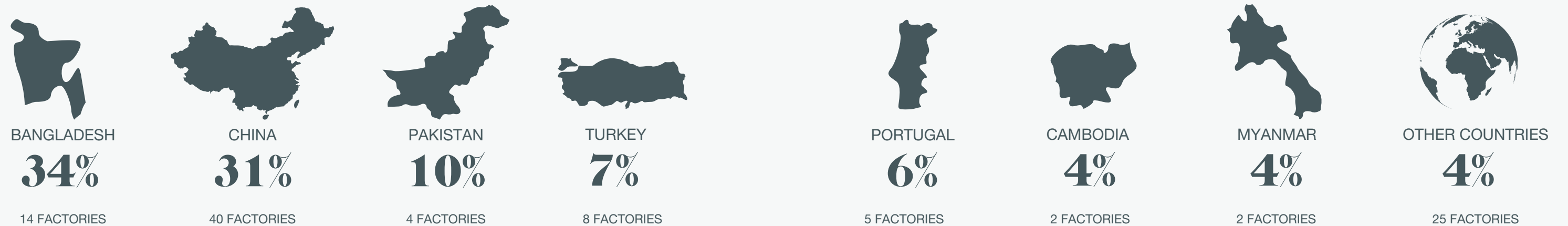
garment factories, facilities are visited regularly (during COVID-19, this has not been possible).

The Group makes use of third-party audit reports, mainly through the amfori BSCI system. Considerable resources are spent on following up with suppliers on their improvement work. For Bangladesh factories, the Group continuously receives and acts upon inspection reports on the factories' building safety, as well as fire and electrical safety, through the Accord/RSC.

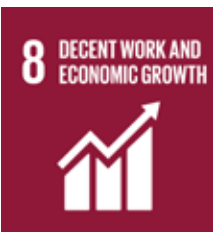


SOURCING COUNTRIES

The top-50 factories account for 90% of the annual orders



FOCUS AREA 1

RESPONSIBLE
WORKING CONDITIONS
IN THE SUPPLY CHAIN

It is of utmost importance that textiles are produced at factories with decent working conditions. As the Group does not own any of the facilities, many resources are spent on following up with suppliers on their work on adhering to the Code of Conduct.

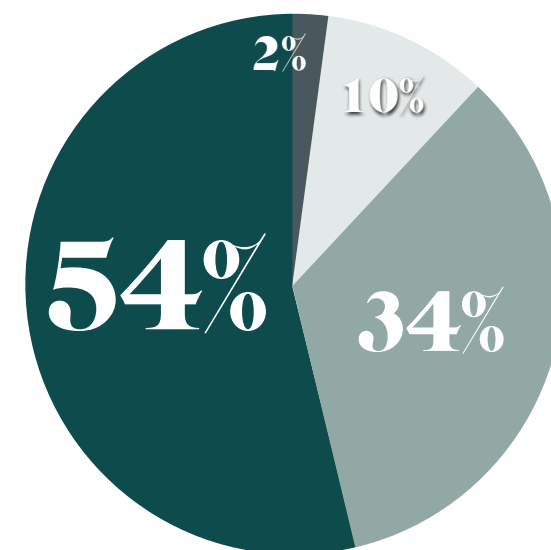
It is a fact that some production countries represent considerable risks of unsafe working conditions and challenged labour rights. At the same time, the textile industry creates millions of jobs, and the Group does not see it as an option to cut out countries from the sourcing loop. Instead, focus is on contributing to improvement, through the supply chain management, and through participation in national and international initiatives.

AMFORI BSCI

PWT Group has been a member of the amfori since 2013, and the amfori BSCI platform is actively used as the main social certification system. Suppliers are expected to work with the amfori BSCI (or other social certification system as SEDEX, or SA8000), and in cases where a factory has not yet initiated the BSCI process, they are expected to join within reasonable time. Suppliers are audited annually by third-party auditors, and audit reports are used to promote dialogue on necessary improvements. In the amfori BSCI system, a supplier can get the result A-E. An acceptable level is A, B or C.

The Group has set up a systematic follow-up system on audit reports. This means that new audit reports are assessed upon receipt, and then a CAP form is created. The supplier is expected to fill out corrective action plans for each issue. In this way, improvements from supplier side (or the lack of such) are tracked. 88% of the top-50 factories are at an acceptable BSCI level (85% in the last annual report). 10% of them have invalid audit reports, since they have not been able to

renew the audit due to COVID-19 – and the Group is in continuous dialogue with them in order to conduct new audits as soon as possible. The Group continues to encourage the 2% of the factories not yet working with BSCI (or Sedex or SA8000) to join the initiative.



Good (A+B+SA8000)

Acceptable (C + SEDEX)

Audit expired (Due to covid-19)

Not in process

**THE ACCORD ON FIRE AND BUILDING
SAFETY IN BANGLADESH**

PWT Group has been a signatory member of the Accord since 2013. The Group is committed to requiring all active Bangladeshi suppliers to work with the Accord Inspection Programme. Accord engineers continuously conduct inspections covering fire, building and electrical safety at participating factories. The inspection reports are shared with all active brands, which are obliged to support suppliers in creating improvements based on inspection findings.

Currently, the Group has eight active Bangladeshi factories in the initiative with an average progress rate of 91%. Seven out of eight active factories are participating in the Accord's safety committee training.

Throughout the years, several important programmes have been added to the Accord

scope, such as an extensive training program for the factories' safety committee, and a project on boiler safety. The Accord also includes a thorough grievance mechanism, monitored by Accord staff, through which workers at Accord factories can submit any complaint or concern, and these will be handled anonymously.

The current situation is that the Transition Accord expires on 31 May 2021. During the past years, the Accord programme, including its staff, has slowly been transferred to the national RSC, the ReadyMade-Garments (RMG) Sustainability Council. It is important to PWT Group to ensure that the important and highly valuable work of the Accord so far will not be lost. The Group is still awaiting the final decision on how any future Accord/RSC participation will look like from the brand side after 31 May 2021.

FOCUS AREA 2

MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS



PWT Group is aware that it has a substantial environmental footprint – and is committed to reducing this by continuously improving internal processes and supporting suppliers on their journey towards more environmental-friendly production methods.

MORE SUSTAINABLE PRODUCTS

The most sustainable garments are quality products that will last for many years. PWT Group has worked in recent years to reduce the number of styles and gain a better quality and durability for each garment. Until now, the Group has reached a 61% reduction of styles.

Research shows that the biggest CO2 emissions of the apparel value chain derive from material production (38%). Therefore, in order to reduce the Group's environmental footprint, it is essential to look at how to shift from conventional materials and production processes to ones that leave a much smaller footprint.

For this purpose, designers and purchasers are working with suppliers on finding more sustainable materials and production methods. The approach is to cooperate with suppliers on finding the best solution that makes sense on all parameters. This intensified focus has resulted in several initiatives, such as implementation of organic cotton, BCI cotton, recycled polyester, and greener denim production (such as the Sustainable Wash).

GREENER PACKAGING

Since 2019, all bags and gift boxes have been replaced with ones made out of recycled materials. The Group is proud to cooperate with Plastic Change, the Danish environmental organisation that works to break the exponential growth of plastic pollution. As of 1 January 2020, all profit originating from the sale of bags and gift boxes is donated directly to Plastic Change.

Another considerable impact, when talking about packaging consumption and waste, is the packaging material used during transportation of our products, such as poly bags, tissue paper, and carbon boxes. The Group is continuously looking into how to reduce and/or replace existing packaging materials with more sustainable materials. In general, this is about revalidating old routines and processes, and the Group is committed to going with smarter and greener solutions, when such make sense on all parameters.

PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focussing on reducing the consumption of water, energy and chemicals.

CLIMATE REPORTING

From 2021, PWT Group will measure its carbon footprint through an online reporting system provided by Cemsys. The reporting system follows the GHG Protocol and ISO 14064, and the aim is to map the Group's emissions and track the progress on reducing CO2e-emissions throughout the business. Baseline year will be 2019, and this year's reporting will show

numbers for both 2019 and 2020. The full climate report is available in our official annual report from 2020 page 34.

NO HARMFUL CHEMICALS

PWT Group is aware of the risk of using harmful chemicals during production, and the Group is actively working to avoid them, for the sake of both local biodiversity and the environment and the health of the people working in production.

The Group has set up a Restricted Substances List (RSL) in collaboration with Bureau Veritas. The RSL applies to all garments and accessories manufactured for PWT Group. All suppliers must sign this document before starting production. The RSL is based on the Regulation (EC) No. 1907/2006 of the European Parliament, also known as the REACH regulation, and is updated on a regular basis. For each sales season, styles are picked out for testing at local BV labs, based on a risk assessment. Occasionally, random tests are performed at the warehouse in Denmark in order to avoid golden samples.

Suppliers receive support on their chemical management systems, through online webinars and local trainings through third parties (e.g. amfori). PWT Group has decided to certify a range of its products to the Oekotex Standard 100. This is done to be able to provide our customers with chemically safe products, with only certified materials having been used in the production. The Group is completing its Oekotex approval process in the spring of 2021.

ANIMAL WELFARE POLICY

All relevant suppliers are required to sign and comply with the Group's Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is unacceptable.

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS

It is essential to look at the production methods throughout the supply chain. This is a challenging area as many suppliers lack resources and knowledge on the subject. However, the Group wants to support them in this process and push for sustainable changes. PWT Group has started engaging strategic suppliers on the amfori BEPI (Business Environmental Performance Initiative) programme. Through the BEPI program, suppliers are asked to report on their energy consumption, waste management, chemicals, etc., and then work on improving their environmental performance level within priority areas.



FOCUS AREA 3

MORE SUSTAINABLE
COTTON IN OUR
PRODUCTS

A relatively large share of our material use is cotton. Considering cotton production's negative impact on the climate, the local environment and the biodiversity, it is imperative that the textile industry finds more sustainable ways of producing cotton.

reduce use of the most harmful chemicals and respect workers' rights and wellbeing.

PWT Group is committed to sourcing 50% of our cotton as Better Cotton by 2025.

Better Cotton is sourced via a system of Mass Balance and is not physically traceable to end products.

See bettercotton.org/massbalance for details.

Further to the BCI membership, the Group has scaled up its use of organic cotton, and the aim is to continue this priority.

Therefore, PWT Group collaborates with the Better Cotton Initiative to improve cotton farming globally. We have taken this step because we want to support a large-scale positive change within the cotton industry.

The Better Cotton Initiative makes global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future.

The Better Cotton Initiative trains farmers to use water efficiently, care for soil health and natural habitats,

FOCUS AREA 4

ENGAGEMENT IN NATIONAL
AND INTERNATIONAL
INITIATIVES

PWT Group strives to encourage co-operation and dialogue with suppliers and other relevant parties on socially, environmentally and economically sustainable solutions. Tackling global and wide-spread risks can not be achieved by one company alone, and PWT Group collaborates with several organisations and initiatives in order to create as much positive impact as possible.

The Group sees it as imperative that the different players of the textile industry come together in order to create the most valuable and long-lasting changes that are needed.



CLIMATE REPORT
CARBON ACCOUNTING
REPORT 2020

INTRODUCTION

This report provides an overview of the organisation’s greenhouse gas (GHG) emissions. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

The input data is based on consumption data from internal and external sources, which is converted into tonnes of CO2 equivalents (tCO2e). The carbon footprint analysis is based on the international standard ‘A Corporate Accounting and Reporting Standard’, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

PWT Group wants to start measuring and accounting for its activities’ environmental footprint to be able to take informed decisions on how to reduce its carbon footprint. By using Cemasys’ climate reporting tool, the Group ensures that the reporting is aligned with international principles.

The baseline year for PWT Group’s climate reporting will be 2019, as the Group considers 2019 a more realistic baseline year than 2020 due to the COVID-19 pandemic and the reconstruction of PWT Group, which took place during 2020.

In terms of scope 2, the data has been divided into two parts; headquarters (including warehouse and showrooms) and the Group’s own shops. No franchise shops will be included in the climate reporting, as they are largely independent from the Group.

Some of the 2020 data was not possible to obtain for different reasons; for scope 1, it was not possible to get data from the car leasing company, and therefore estimates have been applied. For scope 2, it was not possible to get data from the Group’s transport supplier. In all cases, the aim is to get back on the data track for 2021.

This is the Group’s first climate report, and the intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				606.8	146.4	1.2 %
Diesel (B5)		51,430.0	liters	544.1	131.8	1.1 %
Petrol (E5)		6,643.0	liters	62.7	14.6	0.1 %
Scope 1 total				606.8	146.4	1.2 %
Electricity total				3,302.7	505.3	4.1 %
Electricity Denmark 125		3,302,695.0	kWh	3,302.7	505.3	4.1 %
Scope 2 total				3,302.7	505.3	4.1 %
Purchased goods and services total				-	11,761.6	94.7%
Nylon fabric (6) (T1-4)		2,843.0	kg	-	48.0	0.4 %
Leather, cow (T1-4)		10,653.0	kg	-	391.3	3.2 %
Cotton fabric, conventional (T1-4)		700,408.0	kg	-	6,506.8	52.3%
Acrylic fabric (T1-4)		10,987.0	kg	-	116.4	0.9 %
Wool, fine+ (T1-4)		21,417.0	kg	-	866.7	7.0 %
Wool, recycled (T1-4)		300.0	kg	-	2.3	-
Cotton fabric, organic (T1-4)		11,847.0	kg	-	98.4	0.8 %
Polyester fabric (T1-4)		185,255.0	kg	-	1,950.7	15.7 %
Polyester fabric, recycled (T1-4)		2,178.0	kg	-	18.8	0.2 %
Lyocell fabric (T1-4)		718.0	kg	-	9.9	0.1 %
Modal fabric (T1-4)		309.0	kg	-	5.4	-
Viscose/Rayon fabric (T 1-4)		42,413.0	kg	-	617.1	5.0 %
Bamboo fabric (T1-4)		31,351.0	kg	-	440.8	3.6 %
Nylon/Polyamide (PA) fabric (T1-4)		19,152.0	kg	-	246.5	2.0 %
Elastane/Spandex fabric (T1-4)		14,493.0	kg	-	155.2	1.3 %
Linen (flax) fabric (T1-4)		14,683.0	kg	-	275.2	2.2 %
Tencel fabric (T1-4)		449.0	kg	-	4.4	-
Scope 3 total				-	11,761.6	94.8 %
Total				3,909.5	12,413.2	100.0 %
KJ				14,074,323,552.0		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2020
Electricity market-based	tCO2e	1,535.8
Scope 2 market-based	tCO2e	1,535.8
Total market-based	tCO2e	13,443.7

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Transportation total		184.2	146.4	-20.5 %
Diesel (B5)		167.2	131.8	-21.2 %
Petrol (E5)		16.9	14.6	-13.7 %
Scope 1 total		184.2	146.4	-20.5 %
Electricity total		818.1	505.3	-38.2 %
Electricity Denmark 125		818.1	505.3	-38.2 %
Scope 2 total		818.1	505.2	-38.2 %



ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Purchased goods and services total		16,138.4	11,761.6	-27.1 %
Nylon fabric (6) (T1-4)		410.4	48.0	-88.3 %
Leather, cow (T1-4)		507.6	391.3	-22.9 %
Cotton fabric, conventional (T1-4)		8,913.2	6,506.8	-27.0 %
Acrylic fabric (T1-4)		263.6	116.4	-55.9 %
Wool, fine+ (T1-4)		1,495.5	866.7	-42.0 %
Wool, recycled (T1-4)			2.3	100.0 %
Cotton fabric, organic (T1-4)		50.4	98.4	95.3 %
Polyester fabric (T1-4)		2,641.3	1,950.7	-26.1 %
Polyester fabric, recycled (T1-4)		1.5	18.8	1,151.7 %
Lyocell fabric (T1-4)		9.6	9.9	3.5 %
Modal fabric (T1-4)		20.1	5.4	-73.3 %
Viscose/Rayon fabric (T 1-4)		970.6	617.1	-36.4 %
Bamboo fabric (T1-4)		269.2	440.8	63.8 %
Alpaca fabric (T1-4)		0.3	-	-100.0 %
Silk fabric (T1-4)		22.3	-	-100.0 %
Nylon/Polyamide (PA) fabric (T1-4)		190.2	246.5	29.6 %
Nylon fabric, recycled (T1-4)		-	7.5	100.0 %
Elastane/Spandex fabric (T1-4)		178.6	155.2	-13.1 %
Linen (flax) fabric (T1-4)		192.1	275.2	43.3 %
Tencel fabric (T1-4)		1.8	4.4	144.0 %
Upstream transportation and distribution total*		868.9	-	-
Sea Container Avg load		254.0	-	
Air Intercontinental freight		519.6	-	
Truck avg.		88.6	-	
Rail freight		4.0	-	
RoRo-ferry avg.		2.6	-	
Scope 3 total		16,138.4	11,761.6	-27.7 %
Total		17,140.6	12,413.2	-27.6 %

*Data for upstream transportation and distribution for 2020 has not been available, hence the figures for 2019 is excluded in the totals.

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2019	2020
Electricity market-based	tCO2e	2,320.6	1,535.8
Scope 2 market-based	tCO2e	2,320.6	1,535.8
Total market-based	tCO2e	19,512.0	13,443.7
Percentage change		100.0 %	-31.1 %

METHODOLOGY AND SOURCES

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is performed according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on the calculation and reporting of GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be taken to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased or rented assets. It also includes any process emissions, from for example chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy: electricity and heating/cooling, where the organisation has operational control. The electricity emission factors used in Cemasy's are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions set out in the IEA methodological framework. Factors for dis-

trict heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to 'allocate' the GHG emissions created by electricity generation to end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the marked-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is, on the one hand, to show the impact of energy efficiency measures and, on the other hand, to display how the acquisition of GoOs or RECs affects the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO2e per kWh.

However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is Norway's large export of GoOs/RECs to foreign consumers. From a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision-making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

CLOSING REMARKS

Across all four CSR areas, PWT Group have a range of future actions that it aims to onboard within the coming financial year. Among others, to develop more training material/information and conduct more training on CSR-matters across the Group, to continue to strengthen the dialogues with the suppliers, and to continue cooperating with different stakeholders. PWT Group acknowledges that the sustainability work is a long term and never-ending process requiring resources and time. The company considers the CSR agenda as a fundamental and decisive factor for operating a sound and sustainable business, and it will continue its intensified engagement within the CSR agenda.



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